

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

SUMMARY

Affordable Housing, Real Estate Law and Mortgages **Wednesday, May 10, 2017, 9:30 AM** **House Room1, The Capitol**

Work Group members in attendance:

Senator George L. Barker, Senator William M. Stanley, Jr., Delegate Betsy Carr, Delegate Barry D. Knight, Mark Flynn; *Governor Appointee*, Laura Lafayette; *Governor Appointee*, Lawrence Pearson; *Governor Appointee*, Neil J. Barber; Community Futures, Robert N. Bradshaw; *Independent Insurance Agents of VA*, Paul Brennan; *VHDA*, Andrew Clark; *Home Building Association of VA*, Tyler Craddock; *VA Association of Housing & Community Development Officials*, Heather M. Crislip; *President & CEO of Home*, Chick Dicks; *VA Association of Realtors*, Brian Gordon; *Apartment & Office Bldg. Association of Metro Washington*, Michelle Gowdy; *VML*, Kelly Harris-Braxton; *Virginia 1st Cities*, Pam Kestner; *Dept. of Housing & Community Development*, Kelly King Horne; *Homeward*, Joe Lerch; *VA Association of Counties*, Katherine Payne; *Williams Mullen*, Renee Pulliam; *VA Apartment Management Association*, Jay Speer; *Poverty Law Center*, Elizabeth Steele; Stewart Title, William Walton; *Real Property, Inc.*

Staff: Elizabeth Palen, *Executive Director of VHC*

Senator Bill Stanley (in lieu of **Delegate Chris Peace**, Workgroup Chair) called the meeting to order at 9:30 AM and welcomed the workgroup members

- Discussed together-- (HB 1638, HB1639; J. Leftwich, 2017)
- **Delegate Leftwich** spoke to the work group about prohibiting a landlord from requiring his tenant to agree to subrogation for damages or rental insurance. He also spoke briefly to the case where there is a financial arrangement between the insurer and the landlord.
- Association of Realtors and Independent Insurance agents spoke/said need Bureau of Insurance to offer opinion if issue goes further

DELEGATE DANNY W. MARSHALL
DELEGATE DAVID L. BULOVA
DELEGATE BETSY CARR
DELEGATE BARRY D. KNIGHT
DELEGATE CHRISTOPHER K. PEACE

SENATOR MAMIE E. LOCKE
SENATOR GEORGE L. BARKER
SENATOR WILLIAM M. STANLEY, JR.

MARK K. FLYNN
LAURA D. LAFAYETTE
LAWRENCE PEARSON

Issues

- Trades people won't do work unless they are held harmless. It is not rare in commercial contracts to require a subrogation but is not so common practice in home rentals although it is built in with current personal lines of insurance.
- Home owner policies don't waive liability of others/ joint/severable liability (example: insured has dog, landlord lets the dog out, dog bites child).
- You can require tenant to have rental insurance--this keeps down the cost of security deposits.
- If you are a part owner of a Title Insurance Companies must disclose that as an attorney/ no reason for landlord not to disclose.

There was not resolution of the issue at this meeting

Post script

- **Chip Dicks** met with Bureau of Insurance after this meeting--There is actually a waiver that is standard in every homeowner rental policy/it is a standard provision -- the Insurance agents who spoke with Delegate Leftwich were not aware it was a standard provision and can't write a rider --Realtors won't waive provision

Lease Agreements; Late Charge (SB 993; W. Stanley, 2017)

- Senator Bill Stanley brought bill at the request of **Christie Marra** Poverty Law center
- Discussion among workgroup members

Issue: When rent is paid, late fees paid are applied first to late payments:

- This confuses tenants
- Hurts those with fragile credit as amount owed cascades
- Asked for a 5% ceiling on late fees -- or for amount to go first toward rent

Counter argument all charges are considered by the court to be contracted for in a rental agreement

- There is no cap on mortgage rated
- Less inclined to allow those with poorer credit to rent

This issue was not resolved-a sub-workgroup will follow

There was no public comment and the meeting adjourned at 12:10 PM